



Standard Offer Program

Vermont

Program Description

In 2009, Vermont created a Standard Offer Program (SOP) to encourage the development of renewable energy resources in Vermont by providing long-term contracts at fixed prices available to qualified facilities.¹ Through the SOP, Vermont's renewable energy and food waste policies promote interest in combined heat and power (CHP) by encouraging electrical production through new food waste technologies.²

The program is administered by a third-party statewide purchasing agent, Vermont Electric Power Producers Inc. (VEPP Inc.), under the authority of the Vermont Public Utility Commission. VEPP Inc. issues an annual Request for Proposal (RFP) to fill the available annual capacity. The RFP specifies annual program capacity, technology allocations, and price caps. The lowest-priced bids are awarded long-term contracts, but farm methane projects are not required to participate in the RFP. The SOP requires distribution utilities to purchase their share of renewable energy from awarded generators at the contract price. Technology specific price caps are set annually. For example, 2020 price caps³ were:

Quick Facts

LOCATION: Vermont

MARKET SECTOR: Renewable Energy

PROGRAM/POLICY TYPE: Incentive Program

GEOGRAPHY: Vermont, state-wide

PROGRAM START: 2009

Fuel	Price Cap	Contract Duration
Biomass	\$0.125 per kWh	Levelized over 20 years
Farm Methane	Systems smaller than 150 kW - \$0.145 per kWh Systems larger than 150 kW - \$0.199 per kWh	Fixed for 20 years
Landfill Gas	\$0.090 per kWh	Levelized over 15 years
Food Waste Anaerobic Digestion	\$0.208 per kWh	Fixed for 20 years

Program Development

The Universal Recycling Law (Act 148) was enacted in 2015, gradually banning recyclables from being landfilled. This has led qualifying food waste projects to be treated separately from other renewable generation projects. Starting July 1, 2020, all food residuals will be banned from landfills causing an increased focus on food waste technologies, particularly anaerobic digestion. Diverting otherwise wasted landfill gas into a fuel source that can produce renewable energy allows CHP technologies to participate in the SOP. The 2019 SOP RFP resulted in contracts offered to at least three digester projects—Purpose Energy in St. Albans, Franklin Foods in Enosburg, and Cabot Creamery in Cabot—that collectively represent roughly 2 megawatts (MW) in capacity. At least two of these projects are expected to produce renewable digester gas that will fuel new or existing CHP systems. CHP projects also result in further energy benefits due to the systems' ability to store and utilize the heat generated. The price cap for food waste technology in the 2020 RFP was fixed at \$0.208 per kWh for 20 years. Heating benefits are considered additional for the system owner.

¹ "Small Power Production and Cogeneration," accessed March 3, 2020, https://puc.vermont.gov/sites/psbnew/files/doc_library/4100-small-power-production_0.pdf

² "2020 Standard Offer Program Request for Proposals," VEPP Inc., accessed April 13, 2020, <https://vermontstandardoffer.com/standard-offer/program-overview>

³ Order to review the avoided costs that serve as prices for the standard-offer program in 2020, Case No. 19-4466-INV, Order of 3/4/2020.

Example of Policy Outcome

Vanguard Renewables is constructing (and will own and operate) an anaerobic digester located at Goodrich Farm. The digester combines food waste from Cabot, Middlebury College, and various producers throughout the state along with manure from Goodrich farm to create renewable natural gas (RNG). The RNG produced by Vanguard's digester will supply Middlebury College's newly installed 800 kW TEDOM CHP system, along with some of Cabot and Goodrich Farm's power needs. Once the digester is operating, the gas it creates will supply about half of Middlebury's heating and cooling requirements; the college's biomass plant will continue to produce the remainder.⁴ The SOP enabled the installation of the anaerobic digester, and the extra biogas led Middlebury College to install the 800 kW CHP system. Exhaust heat is routed from the CHP system back to the digester to maintain ideal bacteria conditions.



Community Resource Cycle

PHOTO COURTESY OF vanguardrenewables.com

Additional Incentives

Alongside the SOP, Vermont has a Renewable Energy Standard (RES) that requires utilities to retire Tier I and II renewable energy credits (RECs), and to achieve fossil fuel reductions through energy transformation projects (Tier III), which includes renewable-fueled CHP. Landfill gas projects are unique in the SOP in that the RECs accrue to the producer and not to the utility. Producers of farm methane in Vermont can choose to sell their RECs to utilities through programs such as Green Mountain Power's Cow Power program.

To learn more about Vermont's Standard Offer Program, visit:

<https://vermontstandardoffer.com/standard-offer/>

For More Information

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More CHP Policy Profiles:

www.nechptap.org

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⁴ "Middlebury College and Project Partners Celebrate Groundbreaking for Facility That Turns Manure and Food Waste into Renewable Energy," Middlebury, accessed September 4, 2019, <http://www.middlebury.edu/newsroom/archive/2019-news/node/630084>